

VZCZCXRO3871

PP RUEHAO RUEHCD RUEHGA RUEHGD RUEHGR RUEHHA RUEHHO RUEHMC RUEHNG  
RUEHNL RUEHQU RUEHRD RUEHRG RUEHRS RUEHTM RUEHVC  
DE RUEHPE #0695 1122048  
ZNR UUUUU ZZH  
P 212048Z APR 08  
FM AMEMBASSY LIMA  
TO RUEHC/SECSTATE WASHDC PRIORITY 8464  
INFO RUEHWH/WESTERN HEMISPHERIC AFFAIRS DIPLOMATIC POSTS  
RUEHGV/USMISSION GENEVA 0573  
RUEHRC/DEPT OF AGRICULTURE WASHINGTON DC  
RUEHBS/USEU BRUSSELS  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC  
RHMFIUU/DEPT OF ENERGY WASHINGTON DC

UNCLAS LIMA 000695

SIPDIS

SIPDIS  
SENSITIVE

STATE FOR EEB/TPP/ABT/ATP(SPECK)  
COMMERCE FOR 4331/IEP/WH/MCAMERON

E.O. 12958: N/A

TAGS: [ENRG](#) [ECON](#) [EAGR](#) [ETRD](#) [SENV](#) [APECO](#) [USTR](#) [PE](#)  
SUBJECT: GARCIA: PERU VICTIM OF ETHANOL-INDUCED  
FOOD/COMMODITY PRICE SURGE

REF: STATE 39410

SENSITIVE BUT UNCLASSIFIED, HANDLE ACCORDINGLY

¶1. (U) At an April 21 inauguration for the world's biggest compressed natural gas filling station (built by US' Clean Energy), President Garcia described GOP efforts to increase natural gas and hydropower use and blamed the ethanol boom for "unfairly" boosting food prices. He cited wheat (bread and pasta), corn (chicken feed), and soy (oil) prices as damaging examples. Garcia said the world needs energy that doesn't impact food, and described Peru as a "victim" of other countries' (i.e. US and EU) policies.

¶2. (U) President Garcia recalled that in the past, the US and Europe had responded to high oil prices by reducing consumption, decreasing speed limits, and improving the efficiency of heating and A/C units. He said converting agricultural foodstuff fields for ethanol production was tantamount to "suicide" that would "condemn 25% of the world to hunger," exacerbated by increasing populations and consumerism. Garcia vowed to raise this issue at the May 16-17 EU-LAC summit and November 22-23 Asia-Pacific Economic Cooperation (APEC) leaders' meeting, both of which will be in Lima this year.

¶3. (SBU) Peru has a growing biofuels industry, so far based mainly on sugar cane and palm, as well as mandatory biodiesel and ethanol fuel contents beginning in 2009 and 2010. The GOP's biofuels crops strategy focuses on fallow and previously deforested lands, taking care not to directly replace food crops. Garcia's anti-ethanol comments may have been fueled by a poll published April 20 that shows his approval rating dropping to the lowest levels of his current presidency. Despite strong, sustained GDP growth, the April 15-17 Ipsos-Apoyo poll of urban areas showed Garcia with 26% approval and 70% disapproval. 57% of respondents cited rising prices as the main reason for their disapproval.  
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